

Divide and Lead: Persuasion by Obfuscation*

Parimal Bag[†] Nona Pepito[‡] Hamid Sabourian[§]

March 10, 2024

Abstract

A better way to coordinate in a voluntary contribution collective project would be for the leader to adopt a *divide-and-lead* strategy. When only the leader knows which members are critical for the project's success and who are not, it is shown that the leader should obfuscate her information by partitioning players into a select *in-group* and an *out-group*. The in-group contains all critical players and some non-critical players and the leader abstains from informing the players about their criticalness. This induces all in-group members to coordinate on positive contributions. Without such intervention coordination fails resulting in zero contributions and the project's collapse. An important insight that comes out is that coordination is best achieved through *public communication*, unlike in complete information team models with high-powered incentives where the optimal mechanism for unique implementation of all team members to exert effort calls for *private communication* by the principal about a randomly generated rank-order for the bonus payments. Thus, *explicit rewards* and *complete information* are critical for the surprising efficacy of private communication for inducing coordination, two features that are often missing in most models of voluntary contribution common-value team projects.

JEL Classification: C72; D02; D82; H41; M14; P11.

Key Words: Joint project, voluntary contributions, critical players, persuasion, obfuscation, in-scrutability principle, select-group appeal, coordination, public vs. private communication.

***Preliminary draft.**

[†]Department of Economics, National University of Singapore, Faculty of Arts and Social Sciences, AS2 Level 6, 1 Arts Link, Singapore 117570; E-mail: ecsbpbk@nus.edu.sg

[‡]School of Economics, Singapore Management University, 90 Stamford Road, Singapore 178903; Email: npepito@smu.edu.sg

[§]Faculty of Economics, University of Cambridge, Sidgwick Avenue, Cambridge CB39 DD, UK; Email: Hamid.Sabourian@econ.cam.ac.uk